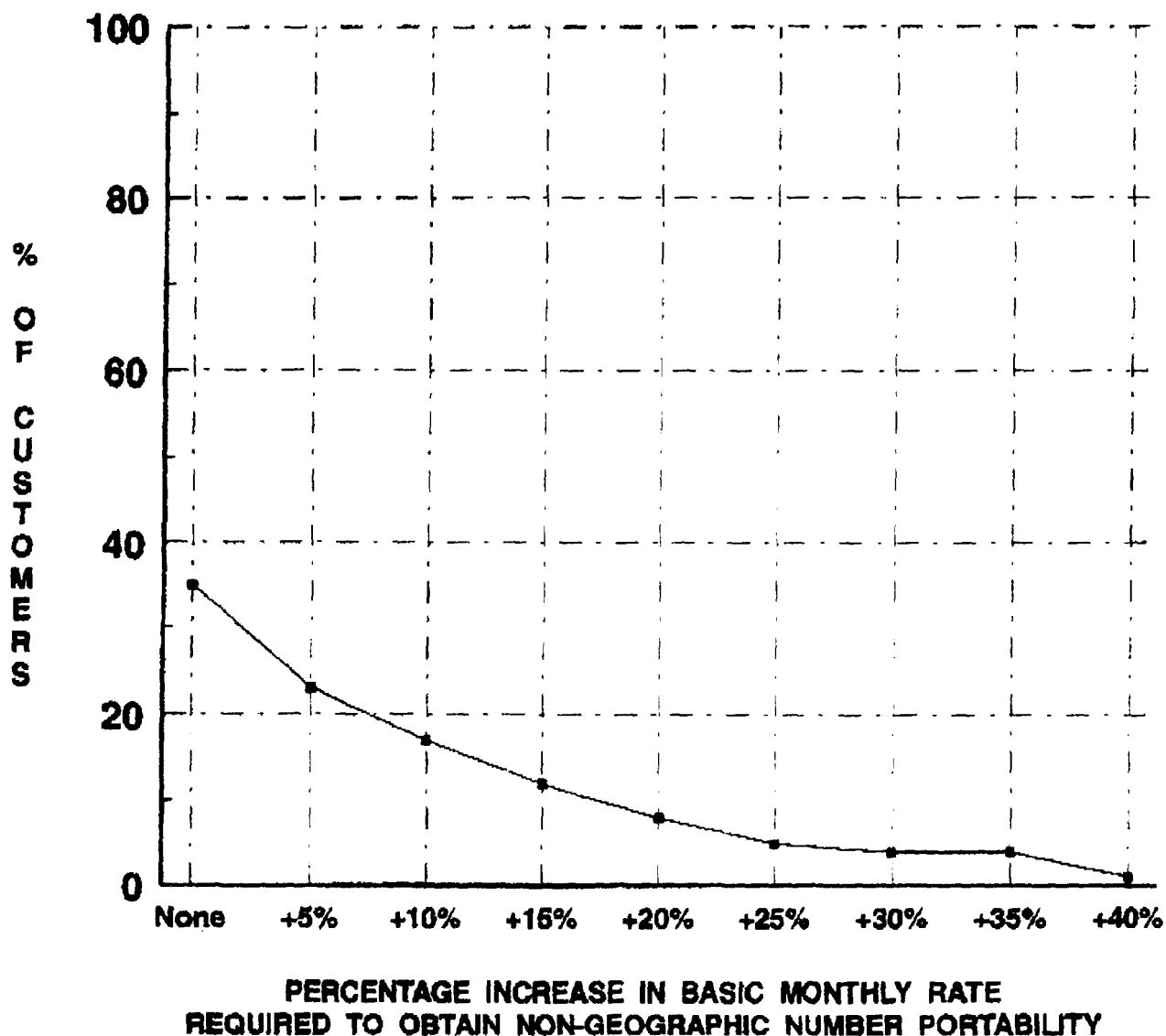


PRICING SENSITIVITY FOR NON-GEOGRAPHIC NUMBER PORTABILITY IN THE GTE BUSINESS MARKET*

ALL NEED TO HAVE A LINE IN THE AREA OF THE LINE

Base: Total GTE Business Sample (N=401)



*Service provider held constant

95-067-2/lines 10

GTE ~ The Market For Local Number Portability ~ Report of Results

GTE ~ The Market For Local Number Portability ~ Report of Results

WILLINGNESS TO PAY FOR FULL GEOGRAPHIC LOCAL NUMBER PORTABILITY

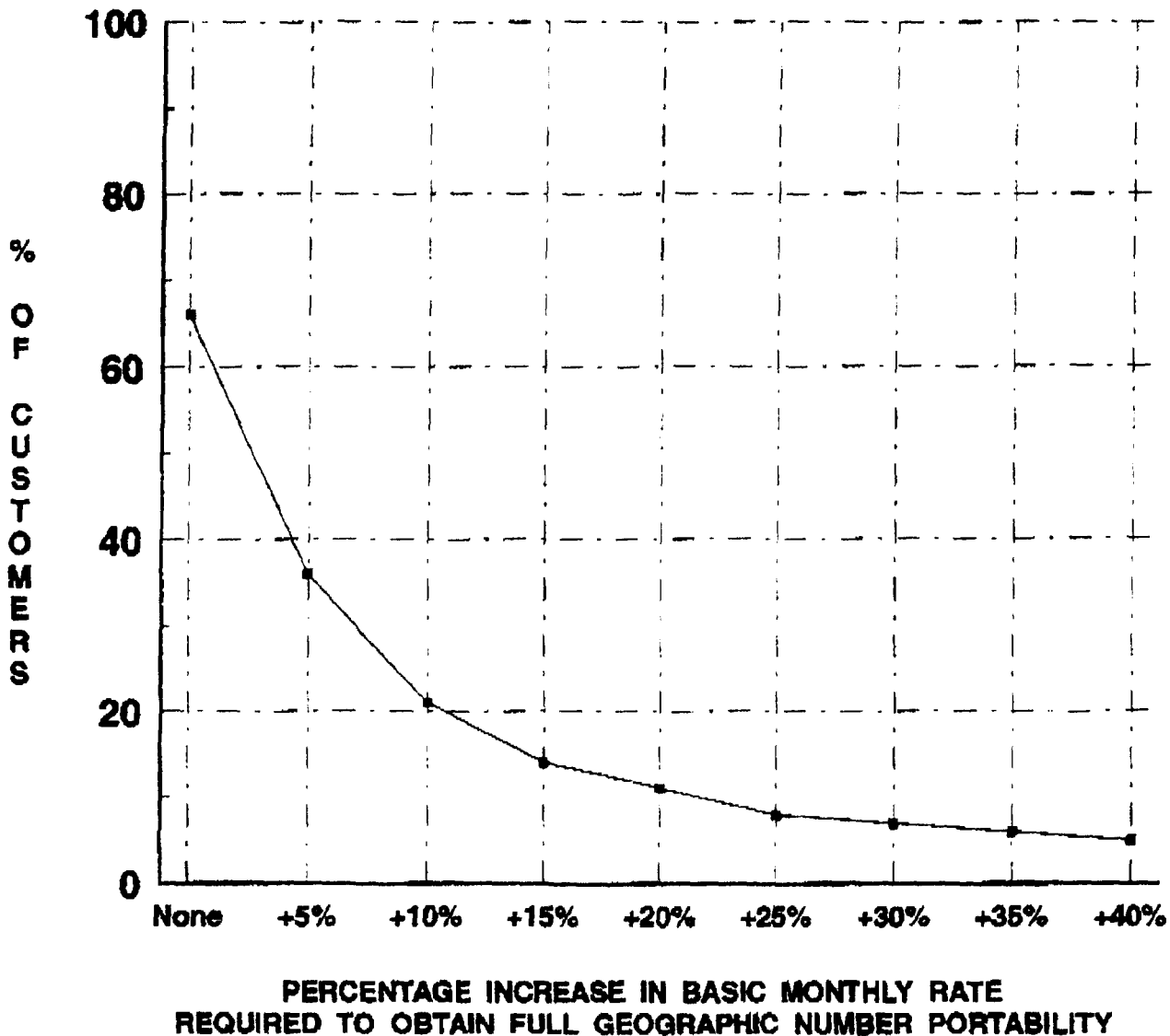
As earlier noted, clear-cut majorities of residential and business customers would strongly prefer to have full geographic local number portability (being able to "Keep your current number and area code and never have to change numbers again, even if you move") over current number restrictions. To determine whether customers feel this option is worth paying for, the conjoint analysis simulations again held the service provider constant, and directly traded off full geographic local number portability against increasing basic monthly rates. The following two Exhibits capture the output of this analysis for GTE residential and business customers.

- ➡ Among both customer types, an increase in basic monthly rates of just 5% results in sharp declines in interest in full geographic number portability. Increases in basic monthly rates of 10% and higher produce further declines in interest.
- ➡ Using just GTE residential customers as an example, at no price difference, two out of three (66%) would opt for full geographic local number portability. However, this proportion drops virtually in half to 36% when just a 5% increase in basic monthly rates is enforced. At plus 10%, interest falls to 21%, at 15% it is 14%, and at increases in basic monthly rates of 20% or greater, 11% or fewer of these customers would choose this version of local number portability.

PRICING SENSITIVITY FOR FULL GEOGRAPHIC NUMBER PORTABILITY AMONG GTE RESIDENTIAL CUSTOMERS*

CHART PREPARED BY TRAVIS RESEARCH, INC. FOR GTE
DATE: 10/11/95
TO: CHIEF, NUMBER PORTABILITY
FROM: TRAVIS RESEARCH, INC.

Base: Total GTE Residential Sample (N=409)



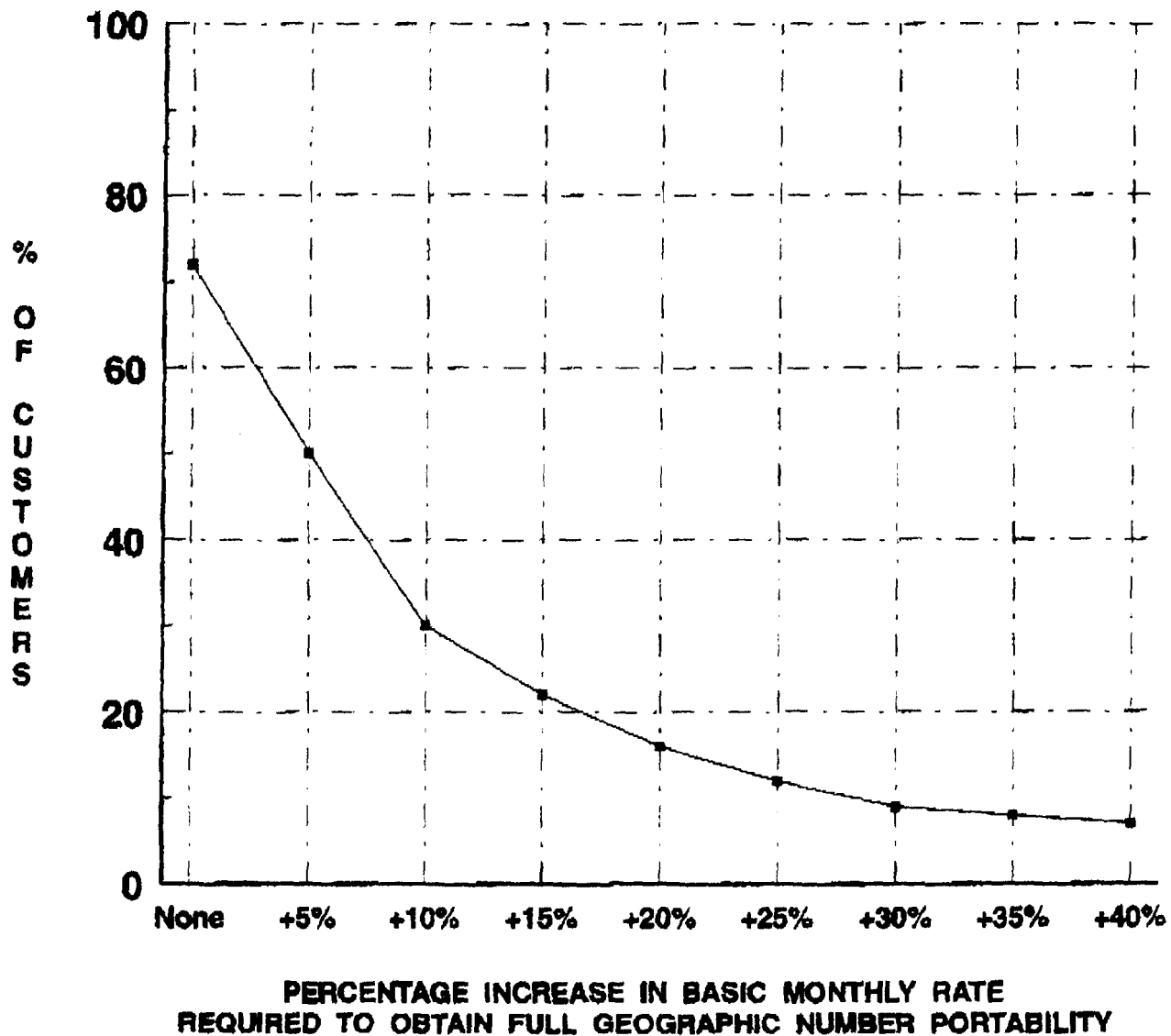
*Service provider held constant

95-067-Zline5

PRICING SENSITIVITY FOR FULL GEOGRAPHIC NUMBER PORTABILITY AMONG GTE BUSINESS CUSTOMERS*

QUESTIONS: HOW MUCH WOULD YOU BE WILLING TO PAY FOR FULL GEOGRAPHIC NUMBER PORTABILITY?
HOW MUCH WOULD YOU BE WILLING TO PAY FOR FULL GEOGRAPHIC NUMBER PORTABILITY?
TO CHANGE NUMBER TO A NEW AREA CODE

Base: Total GTE Business Sample (N=406)



*Service provider held constant

08-087-2line6

GTE ~ The Market For Local Number Portability ~ Report of Results

**FULL GEOGRAPHIC NUMBER PORTABILITY VERSUS NON-GEOGRAPHIC
NUMBER PORTABILITY****Results for GTE Residential Customers**

→ The pricing sensitivity results for non-geographic and full geographic number portability presented on Pages 22 and 26 have been combined in the adjacent Exhibit, which reveals that:

- ✓ When no increase in the basic monthly rate is required to obtain these two forms of number portability, more customers would prefer full geographic local number portability ("Keep your current number and area code and never have to change numbers again, even if you move") over non-geographic number portability ("Change to a new 300 area code telephone number immediately and never have to change it again, even if you move"). Sixty-six percent prefer full geographic local number portability while 52% prefer non-geographic number portability.

→ However, residential customers are quite price sensitive on this issue. If full geographic local number portability were to result in a basic monthly rate just 2 1/2 percent higher than that for non-geographic number portability, these customers become indifferent, i.e., they are equally as likely to choose non-geographic as full geographic local number portability.

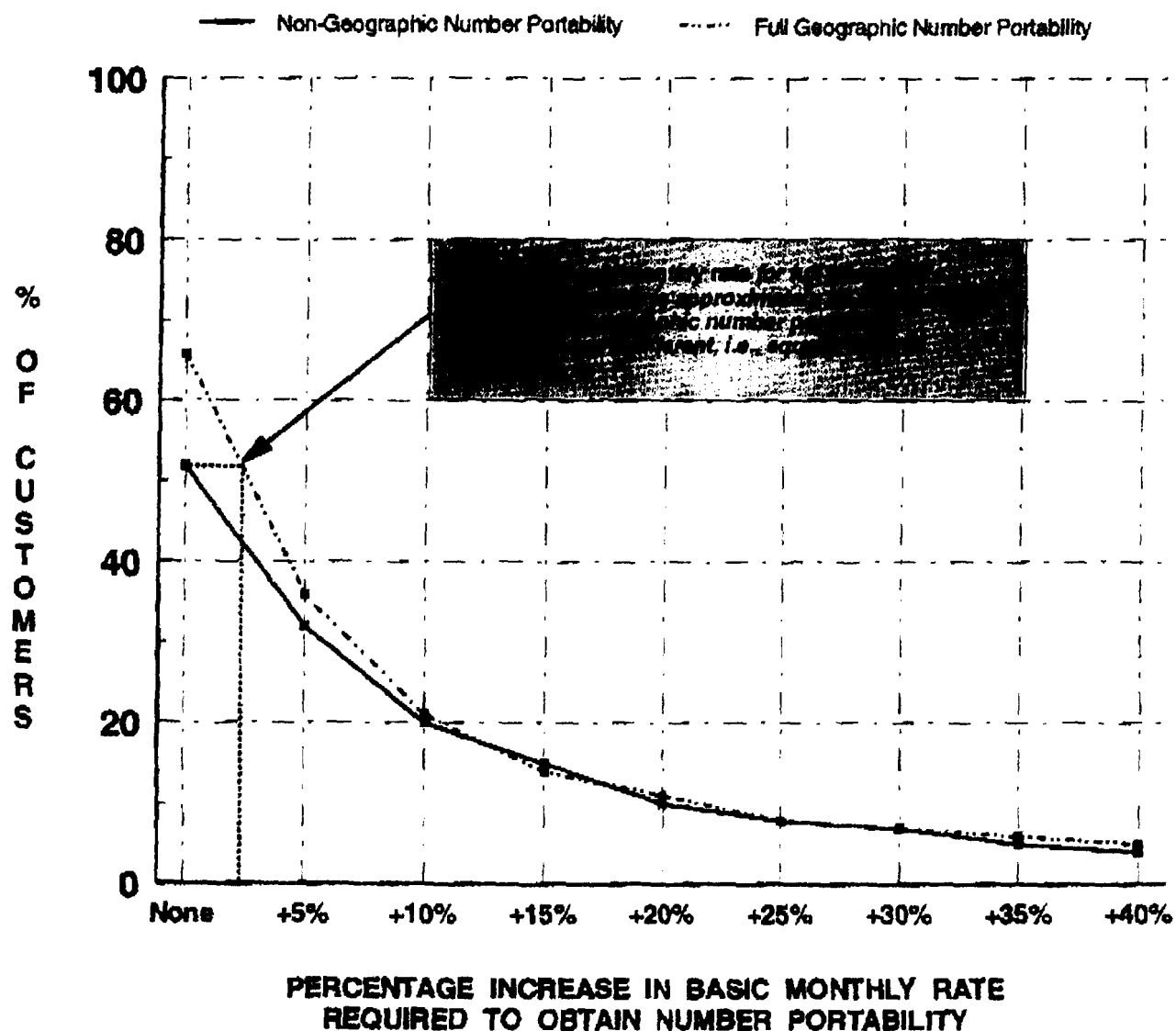
→ Thus, while these customers may prefer full geographic over non-geographic number portability, they are not willing to pay much of a premium for it.

(The findings for RBOC residential customers are similar to those reported above.)

FULL GEOGRAPHIC NUMBER PORTABILITY VS. NON-GEOGRAPHIC NUMBER PORTABILITY

THE FOLLOWING CHART ILLUSTRATES THE PERCENTAGE OF CUSTOMERS WHO WOULD REQUEST NUMBER PORTABILITY IF THE BASIC MONTHLY RATE INCREASED BY THE PERCENTAGE INDICATED ON THE X-Axis.

Base: Total GTE Residential Sample (N=400)



*Service provider held constant

25-087-2/line-6

GTE - The Market For Local Number Portability - Report of Results

Results for GTE Business Customers

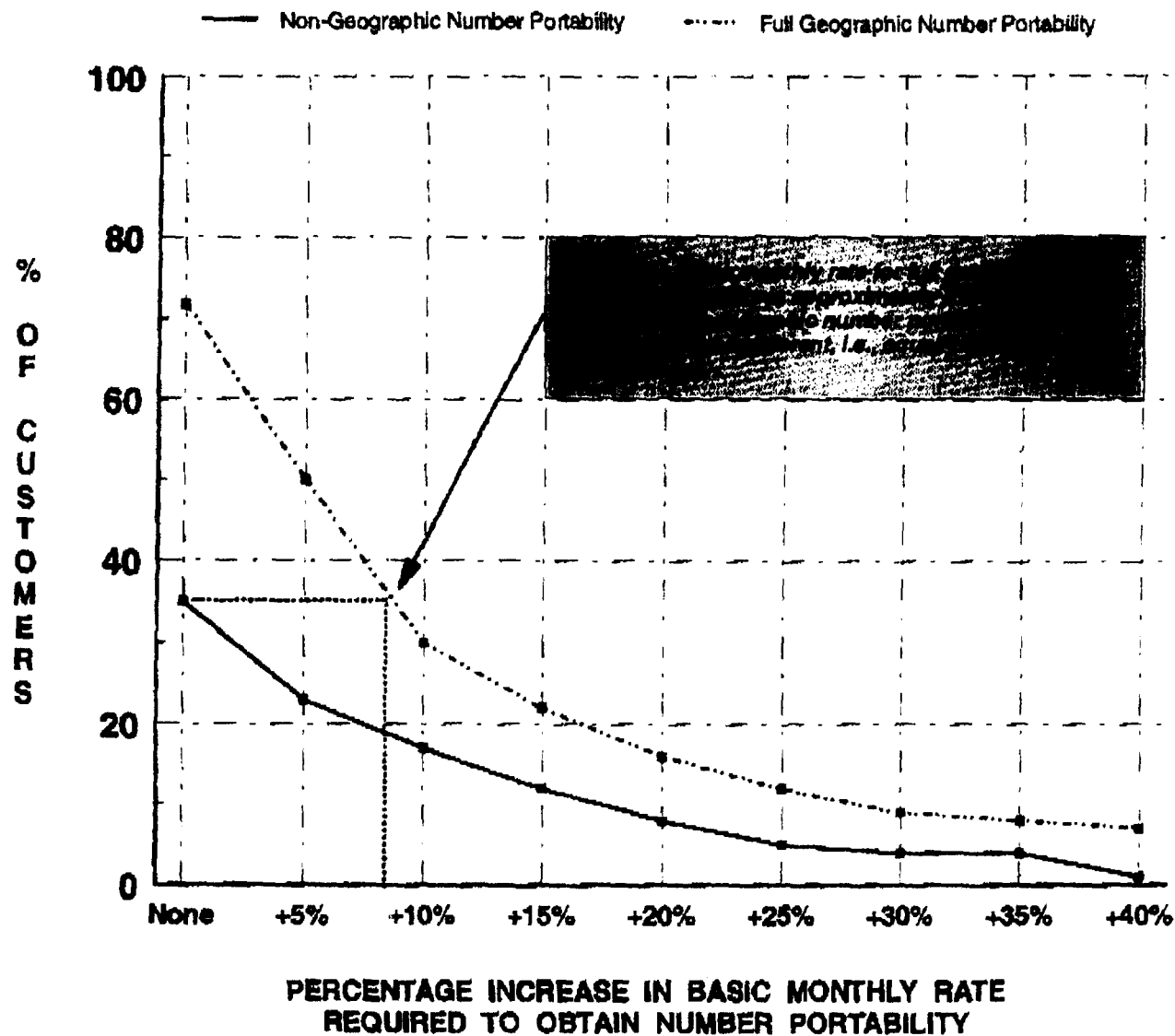
- ➔ At no additional cost, GTE's business customers are even more likely than their residential counterparts to prefer full geographic over non-geographic number portability (72% preferring the former, 36% the latter).
- ➔ However, GTE's business customers are nearly as price sensitive as the Company's residential customers. If having full geographic local number portability results in a basic monthly rate just 8% higher than that required for non-geographic portability, GTE's business customers also become indifferent, being equally likely to choose each.

(The results for RBOC business customers are similar.)

FULL GEOGRAPHIC NUMBER PORTABILITY vs. NON-GEOGRAPHIC NUMBER PORTABILITY

...and the percentage of customers who have increased their basic monthly rate to obtain number portability.

Base: Total GTE Business Sample (N=401)



*Service provider held constant

95-087-2/ins10-8

GTE ~ The Market For Local Number Portability ~ Report of Results

WILLINGNESS TO PAY NOW FOR FUTURE SERVICE PROVIDER NUMBER PORTABILITY

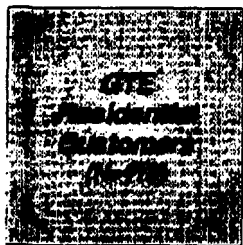
- ⇒ There is a substantial proportion of GTE residential customers (44%) who would tolerate a 50¢ surcharge for having this future option.
- ⇒ Among GTE's business customers, this proportion rises to about two out of three (64%).
- ⇒ As the adjacent Exhibit reveals, GTE's residential customers are less likely than their business customer counterparts to be willing to pay as little as 50¢ per month more to have the option of service provider portability in the future.
- ⇒ Both groups display some degree of pricing sensitivity.
 - ✓ There is a modest drop off as the monthly fee rises from 50¢ to \$1.00.
 - ✓ A significant decline occurs at an additional monthly fee of \$2.50.

(Results for RBOC residential and business customers are similar to those reported above.)

CUSTOMERS' WILLINGNESS TO PAY NOW TO MAINTAIN THEIR NUMBER SHOULD THEY SWITCH LOCAL PROVIDERS IN THE FUTURE

Below are two bar charts showing the percentage of respondents willing to pay various amounts to maintain their number should they switch local providers in the future. The first chart shows the results for GTE Business Customers (N=78) and the second chart shows the results for GTE Residential Customers (N=100).

Percentage of Respondents Willing To Pay Various Amounts



05-087-2/10/94

GTE ~ The Market For Local Number Portability ~ Report of Results

WILLINGNESS TO PAY NOW FOR FUTURE SERVICE PROVIDER AND LOCATION PORTABILITY

While the same basic pattern of response emerges as for service provider portability alone, the willingness to pay to have both service provider and location portability registers at a moderately lower level.

- ⇒ Among both GTE residential and business customers, in excess of two in five indicate they would pay 50¢ now for this future privilege.
- ⇒ The proportions decline moderately at an additional \$1.00 per month, and substantially when the surcharge reaches \$2.50.

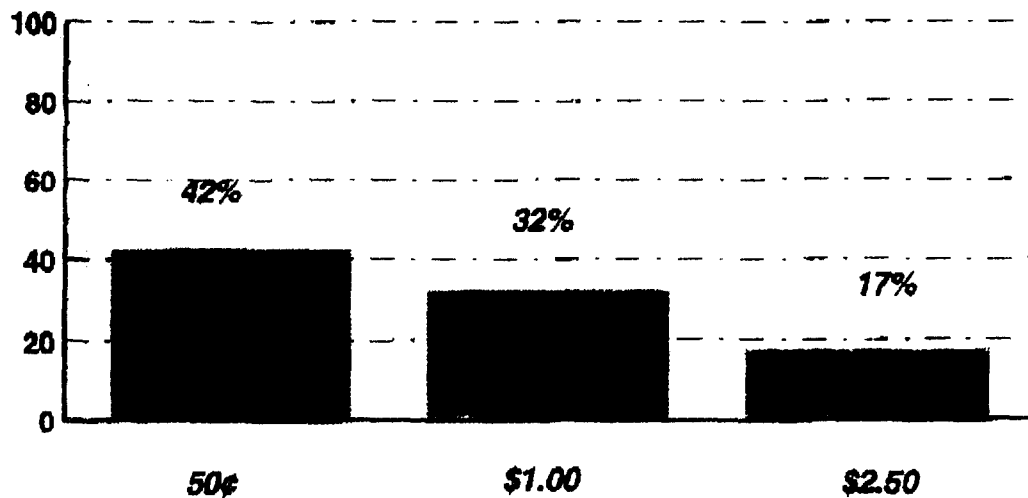
(Results for RBOC residential and business customers are similar.)

CUSTOMERS' WILLINGNESS TO PAY NOW TO MAINTAIN THEIR NUMBER SHOULD THEY SWITCH LOCAL PROVIDERS AND/OR MOVE IN THE FUTURE

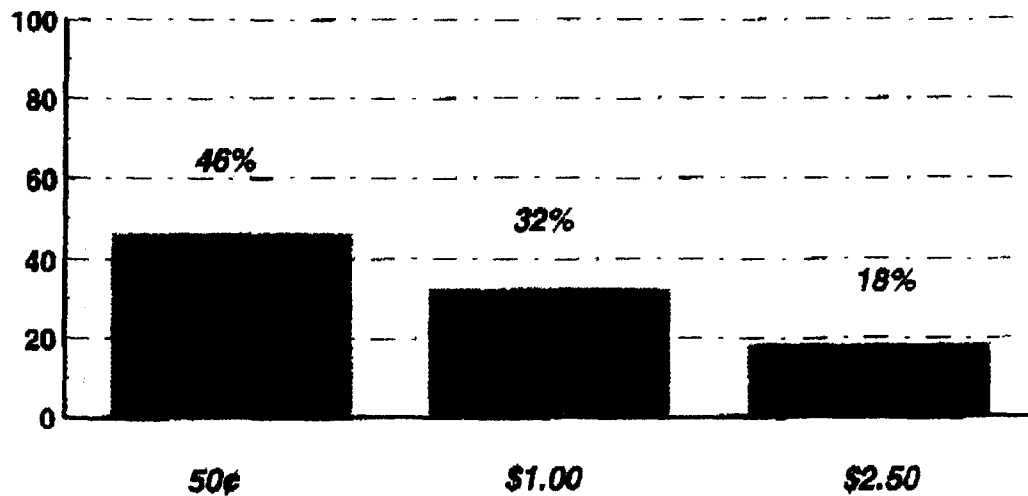
Customers were asked how much they would be willing to pay now to maintain their number should they switch local providers and/or move in the future. The results are shown in the following bar charts.

Percentage of Respondents Willing To Pay Various Amounts

GTE
Residential
Customers
(N=412)



GTE
Business
Customers
(N=400)



95-087-2.wert3

GTE - The Market For Local Number Portability - Report of Results

GTE ~ The Market For Local Number Portability ~ Report of Results

IMPACT OF TELEPHONE NUMBERS LOSING THEIR GEOGRAPHIC SIGNIFICANCE

If full geographic local number portability is mandated, when customers move to a location in what is now another area code, their number will lose its geographic significance. All respondents participating in the research were asked to indicate how important they feel certain implications of numbers losing their geographic significance might be to them when calling such numbers. The results for GTE residential and business customers appear in the succeeding two Exhibits.

- ➡ Among both customer types, overwhelming proportions feel it is at least somewhat important that they know where they are calling to, and the time of day or night at that location.
- ➡ However, singularly most important to customers is knowing whether they are incurring toll or long distance charges when making these calls.

(The results for RBOC residential and business customers are similar.)

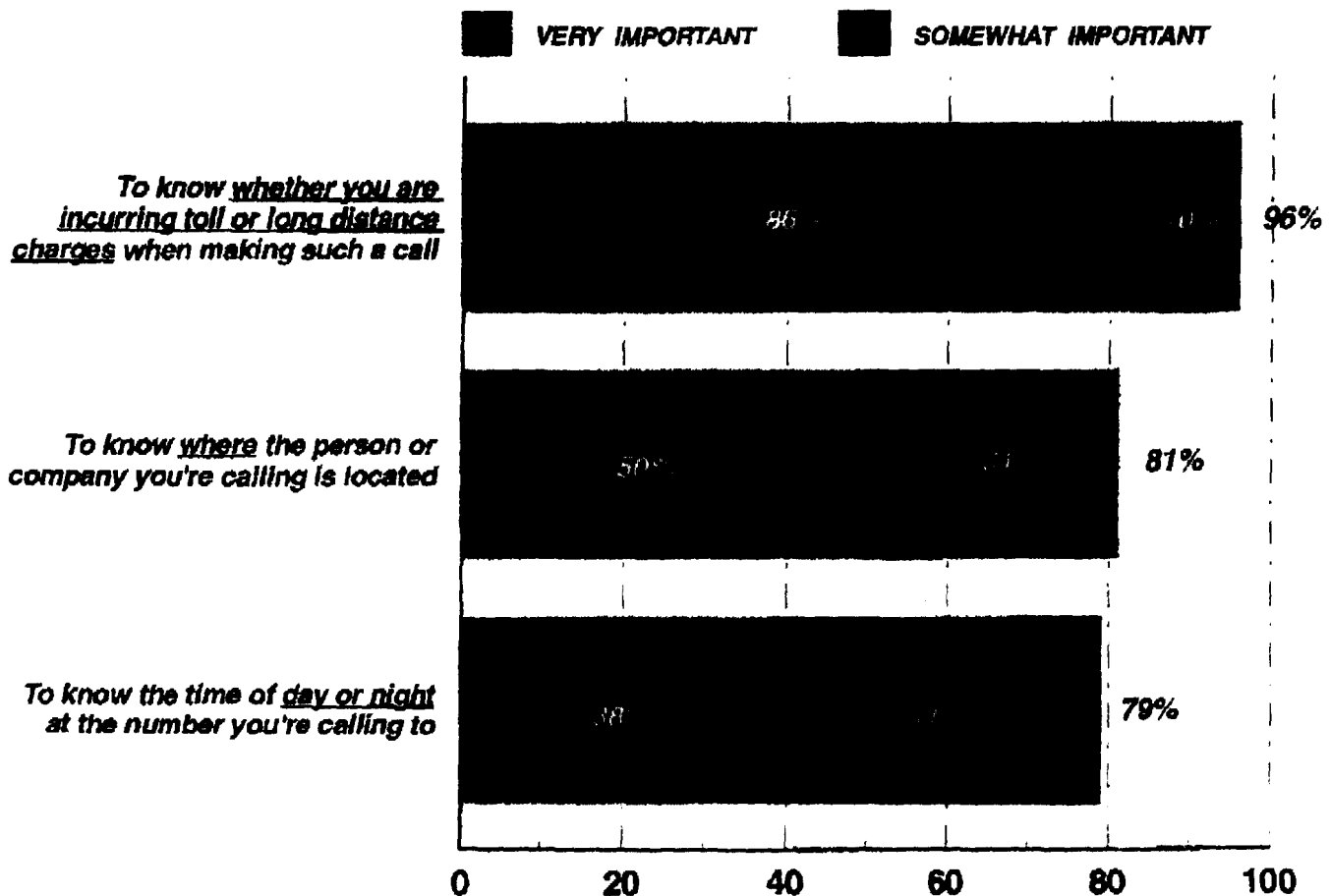
GTE RESIDENTIAL CUSTOMERS' REACTIONS TO IMPLICATIONS OF LOSING THE GEOGRAPHICAL SIGNIFICANCE OF A TELEPHONE NUMBER

In the future, when a person or company moves, it will be possible for them to keep the same telephone number, even if they are moving to a different area. This could be a problem for people who are used to calling a number and not knowing where the person or company is located. This could be a problem for people who are used to calling a number and not knowing where the person or company is located. This could be a problem for people who are used to calling a number and not knowing where the person or company is located.

- might not know where they are calling to
- might not know the name of the person or company they are calling
- might not know the time of day or night at the number they are calling

Please indicate how important each of the following is to you when you are calling a number.

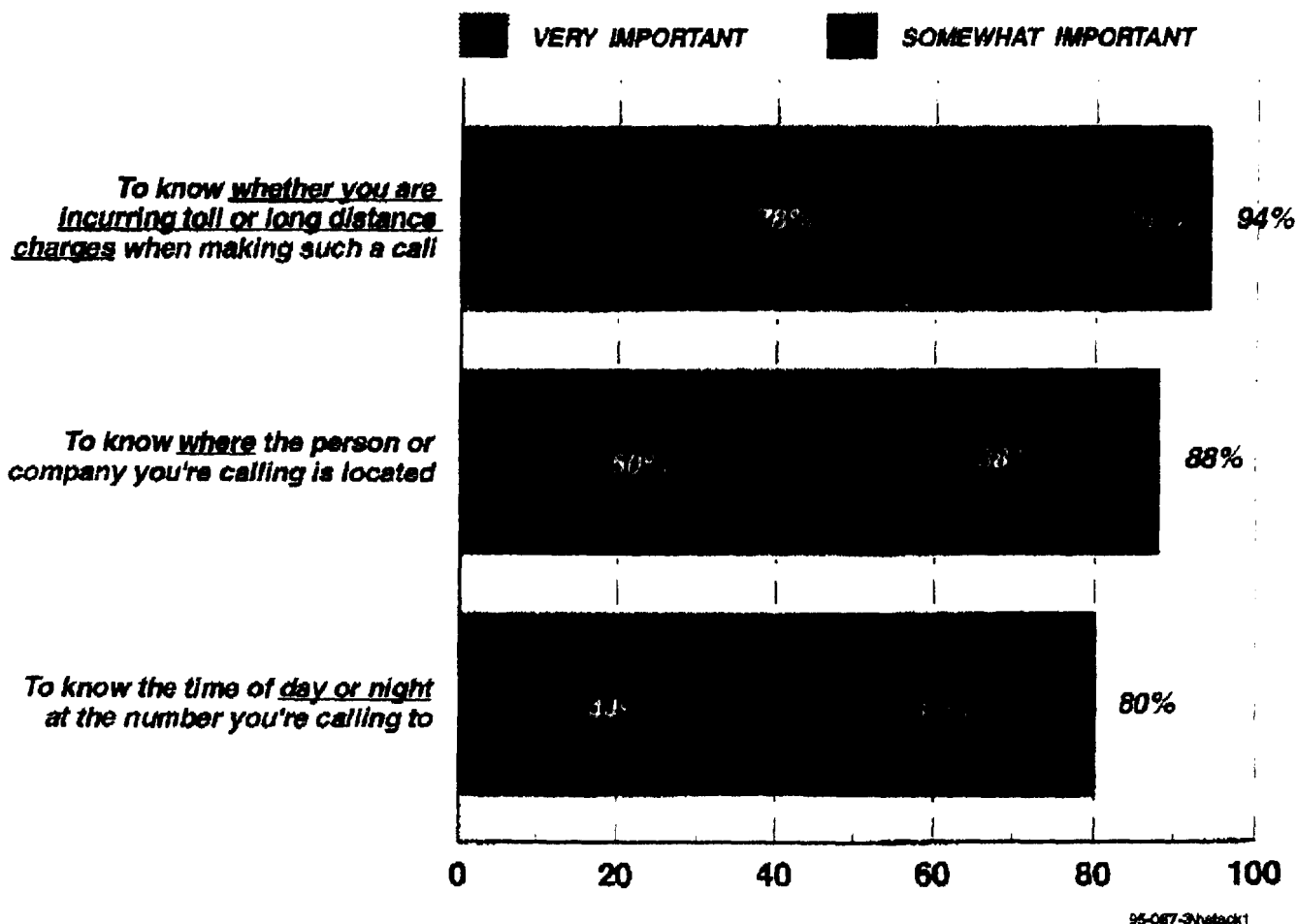
Base: Total GTE Residential Sample (N=412)



95-067-2/head2

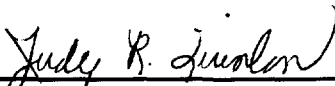
GTE BUSINESS CUSTOMERS' REACTIONS TO IMPLICATIONS OF LOSING THE GEOGRAPHICAL SIGNIFICANCE OF A TELEPHONE NUMBER

Base: Total GTE Business Sample (N=405)



Certificate of Service

I, Judy R. Quinlan, hereby certify that copies of the foregoing "Reply Comments of GTE" have been mailed by first class United States mail, postage prepaid, on the 12th day of October, 1995 to all parties of record.



Judy Q. Quinlan